

LEASE GUARANTY

THIS LEASE GUARANTY is given this 30th day of June, 1995, by LYNDEN INCORPORATED, a Washington corporation ("Guarantor") to and for the benefit of SWAN BAY HOLDINGS, INC., a Washington corporation ("Landlord").

RECITALS

Landlord has entered into a lease of even date herewith (the "Lease") whereby Landlord has agreed to lease certain premises located in Seattle, Washington, to Douglas Management Company, an Alaska corporation ("Tenant"). A copy of the Lease is attached as Exhibit A.

Among the conditions to the effectiveness of the Lease is that Guarantor guarantee the obligations of Tenant under the Lease.

AGREEMENT

Now therefore, in consideration of the benefits to Guarantor from the Lease, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows:

1. Guaranty of Payment. Guarantor unconditionally, absolutely and irrevocably guarantees payment when due of all "Annual Base Rent," "Additional Rent" (as those terms are defined in the Lease) and other sums (together "Rent") due or to become due under the Lease and any modifications, extensions or renewals or replacements thereof, together with any amounts which may come due under the indemnity for hazardous substances in the Lease and any amounts required to be paid by Tenant for restoration of the Premises under the Lease.

2. Representations and Warranties. Guarantor represents and warrants to Landlord as follows:

a. Guarantor understands that the Lease would not be effective without this Guaranty;

b. Guarantor is financially interested in Tenant and will receive benefits from Tenant as a result of this Guaranty;

c. Guarantor has reviewed and approved the Lease; and

d. Guarantor has established adequate means of obtaining and will obtain from Tenant on a continuing basis all financial and other information regarding Tenant and the Lease without any obligation on the part of Landlord to provide any such information now or in the future.

3. Rights of Landlord. Guarantor agrees that Landlord may deal exclusively with Tenant in all matters relating to the Lease without notice to or the approval of Guarantor. It is intended that Guarantor shall remain liable for payment of the Rent and other sums due under the Lease throughout the entire ten (10) year term of the Lease regardless of any act or omission by Landlord which might otherwise directly or indirectly result by operation of law or otherwise in the discharge or release in whole or in part of Tenant from any obligation under the Lease, including without limitation any default by Landlord in its obligations thereunder or termination of the Lease for any reason. Without limiting the generality of the foregoing, Guarantor agrees that Landlord may do or fail to do any of the following one or more times without notice to or the approval of Guarantor and without diminishing, altering or otherwise affecting the liability of Guarantor hereunder.

a. Landlord may agree with Tenant on any modification, extension, or renewal of any of the terms and conditions of the Lease.

b. Landlord may release Tenant from liability under the Lease;

c. Landlord may apply any funds received from Tenant to the obligations of Tenant under the Lease in any order Landlord may determine;

d. Landlord may forebear from enforcing any of the obligations of Tenant under the Lease;

e. Landlord does not have to notify Guarantor of Landlord's acceptance of this Guaranty;

f. Landlord does not have to notify Guarantor of any default by Tenant under the Lease; and

g. Landlord does not have to make presentment and demand for payment, protest or notice of demand, protest, dishonor or nonpayment.

4. Waivers by Guarantor. Guarantor hereby waives any act or thing which might otherwise be deemed a legal or equitable discharge of a surety including, without limitation, any defense based on any of the following:

a. lack of diligence or any delay in enforcing the Lease;

b. the loss or impairment of any right of recourse, reimbursement, contribution, subrogation or any other right or remedy of Guarantor against Tenant to recover amounts which Guarantor is obligated to pay under this Guaranty; and

c. any modification of any of the terms and conditions of the Lease in any form whatsoever without notice to Guarantor including, without limitation, the renewal, extension, compromise, acceleration or other change in time for payment of the Rent.

5. No Defenses. Guarantor's obligation under this Guaranty is unconditional and shall not be affected by any defense available to Tenant under the Lease. Guarantor acknowledges that Landlord may, upon a default by Tenant under the Lease, declare all Annual Base Rent due for the balance of the term of the Lease due and payable at once. Guarantor acknowledges and agrees that it is obligated to pay such accelerated rent upon demand. Guarantor acknowledges and agrees that it may not assert any defense (other than payment in full) to payment of such accelerated rent including without limitation, any claim that all or any portion of such accelerated rent constitutes a penalty. Guarantor further agrees that Guarantor's liability for payment of the Rent and other sums due under the Lease shall not be impaired because of any bankruptcy or insolvency proceedings with respect to Landlord or Tenant and that Guarantor's obligations under this Guaranty shall survive termination of the Lease for any reason whatsoever, including failure to assume or rejection of the Lease in bankruptcy.

6. Landlord's Election of Remedies. The obligations of Guarantor hereunder are joint and several with and independent of the obligations of Tenant. Upon any default by Tenant under the Lease, this Guaranty may be enforced against Guarantor without attempting to collect from Tenant and Landlord shall have the right to exercise its remedies in such order as it determines in its sole discretion. Landlord may join Guarantor in any suit in connection with the Lease or proceed against Guarantor in a separate action.

7. Bankruptcy and Assignment of Rights. If any payment made by Tenant to Landlord is reclaimed in a bankruptcy or receivership proceeding, Guarantor shall pay to Landlord the amount so reclaimed. Guarantor assigns to Landlord all rights Guarantor may have in any proceeding involving Tenant under the United States Bankruptcy Code or any receivership or insolvency proceedings involving Tenant, only to the extent such rights relate to this Guaranty or to the Lease. Such assignment shall not diminish, alter or otherwise affect Guarantor's liability under this Guaranty.

8. Waiver of Right of Subrogation. Until the obligations of Tenant under the Lease are fully satisfied, Guarantor shall have no right of subrogation and waives any right to enforce any remedy Landlord may have against Tenant.

9. Attorneys' Fees and Collection Expenses.

Guarantor agrees to reimburse Landlord on demand for all reasonable legal fees and other costs and expenses incurred in collecting or enforcing this Guaranty provided Landlord prevails in any such collection or enforcement. Such fees, costs and expenses shall include those reasonably incurred with or without suit and in any appeal, any proceedings under any present or future federal bankruptcy act or state receivership and any post-judgment collection proceedings.

10. Assignment, Third-Party Beneficiary. Landlord may at any time, without the consent of Guarantor, assign this Guaranty and all rights hereunder to a lender, mortgage or beneficiary as security for money loaned to construct, repair or rehabilitate improvements on the premises covered by the Lease. Such lender, mortgage or beneficiary shall be a third-party beneficiary of this Guaranty, with the right of enforcement in its own name.

11. General.

a. The term "Landlord" shall include any subsequent holder of the Landlord's interest under the Lease. Landlord may assign the Lease without affecting Guarantor's liability under this Guaranty.

b. This Guaranty shall be binding upon and enforceable against Guarantor's heirs, legal representatives, successors and assigns.

c. This Guaranty shall survive transfers of the Landlord's interest under the Lease, including without limitation, transfer to any bankruptcy trustee or transfer by foreclosure or deed in lieu of foreclosure.

d. This Guaranty shall be governed by the laws of the State of Washington. Guarantor consents to the jurisdiction of the courts of the States of Alaska and Washington, and agrees that venue in any action to enforce this Guaranty shall be in any court of competent jurisdiction in either King County, Washington or Anchorage, Alaska.

e. This Guaranty constitutes the entire understanding between Landlord and Guarantor and no course of prior dealing between the parties, no usage of trade and no parol or extrinsic evidence of any nature shall be used to supplement or modify the terms of this Guaranty. This Guaranty may be changed, modified or supplemented only through a writing signed by Guarantor and Landlord.

f. If any provision of this Guaranty is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of the Guaranty and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included.

"GUARANTOR"

LYNDEN INCORPORATED, a Washington corporation

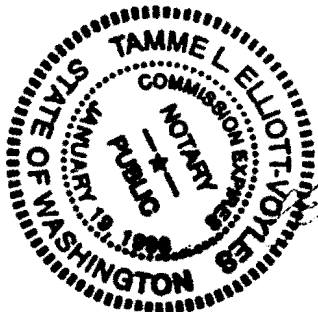
By

Richard A. Korpela
Its Sr. Vice Pres. Sec. & Treas.

STATE OF WASHINGTON)
) ss.
County of King)

On this 29th day of June 1995, personally appeared before me RICHARD A. Korpela known to me to be the individual who signed this instrument in my presence, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Sr. Vice Pres. Sec. - Treas. of LYNDEN INCORPORATED, a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF I have herunto set my hand and official seal this day and year first above written.



Tamme L. Elliott-Voyles
NOTARY PUBLIC in and for the
State of Washington, residing
at Federal Way
My Commission Expires: Jan 19, 1998